

**BEFORE  
THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**DOCKET NO. 2009-253-E – ORDER NO. 2009-\_\_\_\_  
August \_\_\_\_, 2009**

|   |   |                         |
|---|---|-------------------------|
| <b>IN RE:</b>                               | ) |                         |
|   | ) |                         |
| <b>Petition of Duke Energy Carolinas,</b>   | ) | <b>(Proposed)</b>       |
| <b>LLC for an Accounting Order to Adopt</b> | ) | <b>ACCOUNTING ORDER</b> |
| <b>New Depreciation Rates Effective</b>     | ) |                         |
| <b>January 1, 2009</b>                      | ) |                         |
|   | ) |                         |

---

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the Petition of Duke Energy Carolinas, LLC (hereinafter “Duke Energy Carolinas” or “Company”) pursuant to S.C. Code Ann. Sections 58-3-140, 58-27-140, 58-27-1540, and 58-27-1550, 26 S.C. Code Regs. § 103-825, and other applicable rules and regulations of the Commission requesting approval of an accounting order allowing it to adopt new depreciation rates retroactive to and effective January 1, 2009.

Duke Energy Carolinas states that it last changed its depreciation rates in Order No. 2005-160, issued on April 1, 2005, in Docket No. 2005-42-E. As a result of normal periodic review of the Company’s depreciation rates for compliance with General Accepted Accounting Principles and to support the rate case filing in Docket No. 2009-226-E, Duke Energy Carolinas commissioned a study of its depreciation rates. Based on the results of this study, the Company determined that it is appropriate to update its depreciation rates. Duke Energy Carolinas submitted the depreciation study to the Commission and the Office of Regulatory Staff (“ORS”). The Company requests that the

Commission issue an accounting order allowing it to implement the new depreciation expense rates as reflected in the depreciation study effective January 1, 2009.

Duke Energy Carolinas states that the results of the study indicate an annual reduction in depreciation expense of approximately \$55 million. Duke Energy Carolinas intends to include the results of this depreciation study in the upcoming general rate case, Docket No. 2009-226-E.

The Company also states that adoption and implementation of the new depreciation rates will not involve a change to any of Duke Energy Carolinas rates or prices at this time, or any Commission rule, regulation or policy. In addition, Duke Energy Carolinas notes that issuance of the accounting order does not prejudice any party's right to address this issue in its upcoming general rate case proceeding.

S.C. Code Section 58-27-870(F) (Supp. 2008) states that this Commission may put new rates into effect without notice and hearing upon its order when the rates do not result in any rate increase to the electrical utility. The depreciation rates requested by Duke Energy Carolinas in the present case fit into this category, therefore no notice and/or hearing is necessary under the law.

We have examined the petition and depreciation study provided by the Company, and the correspondence from ORS regarding their review of the filing. We have concluded that the relief requested in the Petition should be granted as filed. The depreciation expense rates as proposed by Duke Energy Carolinas are hereby adopted effective January 1, 2009. However, we would note that the issuance of this accounting order does not prejudice any party's right to address this issue in the upcoming rate proceeding, nor is it precedential for any future rate setting Orders. Accordingly, we issue

and approve this Accounting Order allowing Duke Energy Carolinas to adopt new depreciation rates effective January 1, 2009.

This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION.

---

Elizabeth B. Fleming, Chairman

ATTEST:

---

John E. Howard, Vice Chairman